

U.S. v. Dean Skelos et al.
Prepared Remarks for U.S. Attorney Preet Bharara
May 4, 2015

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Today we unseal a criminal complaint against the Majority Leader of the New York State Senate, Dean Skelos, and his son, Adam Skelos, charging them with public corruption offenses. The allegations are laid out in a detailed, 43-page criminal complaint. I urge you all to read it.

The Complaint draws upon evidence gathered from documents, search warrants, two cooperating witnesses, numerous additional witness interviews, and court-authorized wiretaps.

Let me emphasize at the outset that these are only charges. The Complaint contains allegations only, and both defendants are absolutely presumed innocent unless and until those allegations are proven beyond a reasonable doubt, which is what we intend to do.

In summary, the Complaint charges, in six counts, that Dean Skelos unlawfully used his power and influence as Senate Majority Leader, repeatedly, to illegally enrich his son, Adam, and indirectly, himself.

As alleged, father and son entered into a scheme “to monetize Dean Skelos’s official position by extorting money from others for Adam Skelos, with the expectation that such payments would influence the official actions of Dean Skelos.”

The essential allegations that we intend to prove are these:

- When Dean Skelos became Majority Leader of the New York State Senate in 2011, he repeatedly pressured one of the largest real estate developers in New York to direct money to his son Adam Skelos, who was a commissioned salesman for title insurance companies.
- Dean Skelos was allegedly making those repeated and persistent demands for money at the very same time that the Real Estate Developer was lobbying Senator Skelos with respect to critical legislation.
- As laid out in the Complaint, a senior executive with the Real Estate Developer has acknowledged his role in the charged scheme and has agreed to cooperate and testify in this matter, pursuant to a non-prosecution agreement.
- Specifically, this executive (referred to as CW-1) acknowledges that the Developer made payments to Adam Skelos and also secured for him a job for an environmental company

whose business Adam himself admitted he knew nothing about – in order to influence real estate legislation regularly before Senator Skelos and in his belief that the Senator would punish the Developer if his son were not taken care of.

- Specifically, on multiple occasions, Senator Skelos allegedly met with CW-1 about official legislative matters and – at those same meetings – requested commissions for Adam Skelos, his son.
- And so, the Developer allegedly directed money to Adam Skelos in two ways, both designed to conceal the Developer’s role in arranging those payments:
- First, the Complaint alleges that the Developer paid \$20,000 to Adam Skelos outright, but made it appear as if this payment was a commission earned for title insurance brokerage work. But, as alleged, Adam Skelos performed no work for that \$20,000; its source was deliberately hidden; and the only reason it was paid was due to repeated demands by Senator Skelos, as alleged.
- Second, the Complaint charges that the Real Estate Developer arranged for Adam Skelos to be hired by a company that was trying to sell an environmental product to Nassau County – essentially a filtering sponge designed to purify storm water. Adam Skelos, as described in the Complaint, “literally knew nothing” about this business, but was hired and paid at least \$200,000 over time because of the consistent pressure from Adam and Dean Skelos.
- Once Adam was hired, the Environmental Company was allegedly pressured to more than double the monthly payments to Adam Skelos – from \$4,000 to \$10,000 – through a threat that Dean Skelos and his son would block the Company’s chances of winning a valuable contract with Nassau County unless the payments were increased.
- A witness from the Environmental Technology Company, referred to in the Complaint as Cooperating Witness 2, or CW-2, has stated that the Company paid Adam Skelos with the expectation that his father, Senator Skelos, would use his official position to help the Company.

Now, the Complaint also sets out in detail the official actions that Dean Skelos is accused of taking in return for these payments to his son and to ensure that they would continue. For example, the Complaint charges that:

- Dean Skelos allegedly sponsored, voted upon, and helped to enact tax abatement and other real estate legislation beneficial to the Developer.

- Dean Skelos allegedly used the power and influence of his position to help the Environmental Company that hired his son obtain a \$12 million contract with Nassau County.
- After the lucrative contract was awarded, Dean Skelos allegedly also pressured Nassau County officials to fund the contract, and to expedite payments to the Environmental Company.
- Dean Skelos allegedly advocated for increasing funding for stormwater projects in the New York State budget, along with other legislation beneficial to the Environmental Company that had hired his son, although those efforts understandably stalled as the defendants became increasingly concerned about law enforcement scrutiny.

As I mentioned, the Complaint also charges that in recent months, the defendants grew concerned about law enforcement scrutiny, including from this Office, and took steps to conceal their conduct:

- Adam Skelos, for example, allegedly obtained what he himself referred to as an anonymous “burner phone,” ostensibly not registered in his name and which, he believed, law enforcement would not be intercepting. Adam also expressed frustration to his father that it was becoming too dangerous and difficult to talk on the telephone like they used to.
- Dean Skelos, for his part, allegedly cautioned his son to cancel meetings with other State Senators set up to promote legislation favorable to the Environmental Company, explaining to Adam that the meetings had to be cancelled because “right now we are in dangerous times”

Nevertheless, notwithstanding these concerns, the Complaint alleges that the defendants did not entirely abandon their corrupt scheme. Dean Skelos is alleged to have continued to work, behind the scenes, on promoting the Environmental Company’s interests in State budget negotiations.

As described throughout the Complaint, Senator Skelos and Adam Skelos worked as a team to illegally monetize the Senator’s power and influence to take care of Adam’s financial needs. At one point, for example, Adam Skelos allegedly sought and obtained, from his father’s office, records of the Majority Leader’s top donors, so that Adam could attempt to make money from his father’s political contributors. (19b)

And the Complaint, in multiple places, alleges that Dean Skelos’s support for certain infrastructure projects and legislation was often based, not on what was good for his constituents or good for New York, but rather on what was good for his son’s bank account.

* * * *

By now, two things should be abundantly clear. First, public corruption is a deep-seated problem in New York State. It is a problem in both chambers; it is a problem on both sides of the aisle. And second, we are deadly serious about tackling that problem.

I am joined here today by our partners in this case, the Federal Bureau of Investigation, represented here today by Diego Rodriguez. I also want to thank all those at the FBI who have helped make today's case possible, including FBI Special Agents Paul Takla, Jennifer Kibler, and Russell Lehnese, as well as Supervisory Special Agent James Barnacle.

Finally, I want to recognize the dedicated career prosecutors and criminal investigators in my office who worked so hard to make this case possible – Assistant United States Attorneys Jason Masimore, Rahul Mukhi, Tatiana Martins and Thomas McKay, supervised by Arlo Devlin-Brown, the chief of my office's Public Corruption Unit, and Criminal Investigators John Barry and Bob Ryan. I also want to thank the leadership of the office, Deputy U.S. Attorney Rich Zabel, Chief of the Criminal Division Joon Kim, and Chief Counsel Dan Stein.

Now let me call the FBI Assistant-Director-in-Charge to the podium.